

U.S. DEPARTMENT OF ENERGY
**Office of Electricity, Delivery and
Energy Reliability**



ENERGY ASSURANCE DAILY

August 24, 2005

Electricity

Work Begins on Natural Gas Peaking Station in South Dakota

Site grading and road construction have begun on Basin Electric's peaking power plant near Groton, South Dakota. The Groton station, will operate only at times of peak demand. Basin electric expects the new facility will be in operation by the summer of 2006.

<http://www.aberdeennews.com/mld/aberdeennews/news/12452759.htm>

Kentucky Public Service Commission Rejects Plan

The Public Service Commission of Kentucky rejected a proposed route of a power line through the Daniel Boone National Forest saying that the company should use existing routes and avoid developing a new right-of-way through public lands. The Commission indicated that shared rights-of-way should be considered in future proposals brought before the commission.

<http://www.energycentral.com/centers/news/daily/article.cfm?aid=5898622>

OPG's 490 MW Coal-fired Unit 1 at its Nanticoke generating facility in Ontario Shut August 24.

Reuters 13:47, August 24, 2005.

Petroleum

Katrina and Gasoline Stats Help Boost Oil to Another Record on NYMEX

Concern over tropical storm Katrina and a larger than expected drop in gasoline supplies helped the price of crude oil on the NYMEX jump by more than two percent to close at \$67.32, yet another new record in the 22 years of trading in futures market.

Reuters 15:34, August 24, 2005.

Reuters 15:39, August 24, 2005.

Update – Iraqi Exports Increasing

As reported in EAD on August 23, exports of Iraqi crude have resumed from the port of Basra. The rate of flow had increased to 67,000 barrels per hour as of this morning up from 32,000 yesterday

<http://www.platts.com/Oil/News/6870188.xml?S=n>

Update – Talks in Ecuador: Progress Reported but Talks Stalled As Protesters Demand Immunity

In early reports today, it appeared that an agreement between the protesters whose actions crippled oil production and led to a declaration of force majeure by Petroecuador and private companies operating in the oil fields in Ecuador could be close at hand. However, later in the day the talks between the government and protesters were reported to have stalled over a demand from the protesters for immunity. At this point, the government has rejected a demand for unconditional immunity with respect to acts committed by the protesters. Without such a guarantee, the protesters have indicated that they will not agree to any settlement. Reuters 12:25, August 24, 2005.

Reuters 15:15, August 24, 2005.

Problem Reported in Hydrogen Unit at Shell's Martinez Refinery

According to sources in the area, a problem developed in a hydrogen unit at the 153,000 b/d Shell refinery in Martinez, California. The company declined to comment on the report.

Reuters 12:25, August 24, 2005.

Tesoro to Shut Some Units at Mandan Refinery for Upgrading

According to a local news report, Tesoro Petroleum Corp will shut some units at its 60,000 b/d refinery in Mandan, North Dakota in September for a period of approximately two weeks to upgrade the units. The company was unavailable for comment.

Reuters 13:46, August 24, 2005.

Huntsman Declares Force Majeure Because of Outage of MTBE Unit at Port Neches Refinery

A problem with a propylene oxide unit at its Port Neches refinery in Texas led Huntsman to shut down a 27,000 b/d MTBE unit and declare force majeure. The company anticipates that the unit will return to service by September 3.

Reuters 14:25, August 24, 2005.

Natural Gas

Spot Natural Gas Prices Surpass \$10.

Despite milder weather in much of the northeast and Midwest, hot weather in much of the south helped propel the Henry Hub spot price of natural gas above \$10 for the first time since February of 2003. The spot price closed at \$10.02 while prices on the NYMEX futures market closed up sharply at \$9.984 per million Btu.

Reuters 14:20, August 24, 2005

Reuters 15:46, August 24, 2005

Titan Oil and Gas Pipeline Completed

Titan Oil and Gas, Incorporated announced today that its 4.5-mile long natural gas pipeline, which will service gas production from its Wilson County, Texas, properties, is complete.

Source: *NGI's Daily Gas Price Index* posted Aug 24, 1:06 PM

<http://intelligencepress.com/>

Contract Awarded for Canada's First LNG Terminal

The Chicago Bridge & Iron Company (CB&I) was recently awarded a \$100 million for the design and construction of storage tanks for Canada's first liquefied natural gas (LNG) import terminal.

<http://powermarketers.netcontentinc.net/newsreader.asp?ppa=8kowu%5D%5BegkhoxsUUiet%3EEvbfek%5Cv>

Other News

Nine Northeastern States Formulate Plan to Curb Power Plant Emissions

An historic agreement among nine northeastern states, the first of its kind in the country, has been developed to address emissions from power plants operating in the nine states. The preliminary agreement includes a freeze on emissions as well as a market-driven emissions control program, offsets and other provisions designed to achieve a reduction in emissions of 10 percent by 2020. The parties will continue to work together to finalize the plan.

<http://www.nytimes.com/2005/08/24/nyregion/24air.html?th&emc=th&oref=login>

Tropical Storm Katrina --NOAA Issues Hurricane Watch

According to the latest information from the National Oceanic and Atmospheric Administration (NOAA), a tropical storm warning and a hurricane watch is in effect for southeast Florida. This replaces NOAA's earlier tropical storm warning. A hurricane watch indicates that hurricane conditions could develop within the area subject to the watch. Following the warning, if a hurricane does develop, it usually does so within the next 36 hours.

<http://www.nhc.noaa.gov/text/refresh/MIATCPAT2+shtml/241755.shtml>

Energy Prices

	Latest (08/24/05)	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate US \$/Barrel	67.10	63.31	45.68
NATURAL GAS Henry Hub \$/Million Btu	10.02	9.99	5.23

Source: Reuters

This Week in Petroleum from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated on Wednesdays

Weekly Petroleum Status Report from EIA

http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html

Updated after 1:00pm (Eastern time) on Wednesdays

Natural Gas Weekly Update from EIA

<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 pm (Eastern time) on Thursdays

ENSEC threat awareness blog site from Energy Assurance

<http://ensec.blogspot.com>